

**BEFORE THE MASSACHUSETTS DEPARTMENT OF TELECOMMUNICATIONS
AND ENERGY**

**Inquiry by the Department of
Telecommunications and Energy, on its own
Motion, Pursuant to G.L. c. 164, Section 1F
to Investigate the Use of the New England
Generation Information System.**

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D.T.E. 03-62

Comments of Community Energy, Inc.

Community Energy, Inc., (CEI) acting by and through its President, Brent Alderfer, hereby files these comments regarding the proceeding DTE 03-62 - Inquiry by the Department of Telecommunications and Energy, on its own motion, pursuant to G.L. c. 164, § 1F to investigate the use of the New England Generation Information System to address (along with others) the issue of quarterly disclosure and reconciliation, which CEI sees as a significant barrier to the marketing of new, intermittent renewable resources.

CEI is a wind energy marketer who has successfully partnered with utilities and electric suppliers in both the Mid-Atlantic region and New York State to offer a wind energy product to the electric suppliers' retail customers. CEI first became involved in the Massachusetts electric market through GreenUp, a renewable energy program being implemented by National Grid through Massachusetts Electric Company. CEI's intended participation in the GreenUp program is consistent with the Company's overall corporate mission, which is to increase the demand for wind energy leading to the development of new wind resources within the State of Massachusetts. CEI plans to use the GreenUp program as a pilot for an upcoming statewide initiative to expand the market for wind energy both in the State and throughout New England.

In other markets, CEI has offered retail electric customers, both residential and non-residential, the opportunity to purchase varying percentages of wind energy, anywhere from 5% to 100% of their electric supply. Informed customers know that renewable power from natural sources such as the wind varies from season to season, and that wind energy is one of the

premier renewable energy resources. However, due to the seasonality of the resource and the disclosure and reporting requirements of the DTE, CEI would not be able to offer a 100% wind energy product under the current regulations. Therefore, CEI proposes the following short-term solution to the disclosure problem, recognizing that there is a need to implement changes in the disclosure rules for full annualized matching of renewable energy supply with demand.

CEI plans to offer two products in the GreenUp program, Product A – for example, a 100% wind product (articulating to those customers that 100% of their usage will be matched with wind certificates over the course of the year), and Product B – for example, a 25% wind product, or a similar percentage product (articulating to those customers that 25% of their usage will be matched with wind certificates over the year, and the remaining 75% will be matched by either residual certificates or another renewable product to be determined).

In a quarter when CEI has excess wind certificates available (e.g., Quarter 1 and Quarter 4), CEI will deposit wind certificates into Product A's subaccount to match all customer load, and deposit the required amount of wind certificates in Product B's subaccount to match 25% of customers load. CEI will then additionally deposit extra wind certificates in Product B's subaccount (since you can not deposit more than the total load in Product A's subaccount, which is already filled with the maximum number of wind certificates). CEI will then report to Product A customers that their load may not be met by 100% wind energy in every quarter, but over the course of the year, sufficient wind energy will be generated (and certificates deposited in either CEI's Product A or Product B's subaccounts) to match 100% of their load. This will raise the issue that the quarterly disclosure label will not be generated exactly from each individual subaccount, which is where CEI is requesting the DTE to allow CEI to generate quarterly labels based on the combination of the two subaccounts. In essence, the extra wind certificates in Product B's subaccount in Q1 and Q4 would be transferred to Product A's subaccount in Q2 and Q3, for reporting purposes only.

In short, in Q1 and Q4, Product A's subaccount will always have one type of certificate – the required number of wind certificates to match 100% of that subaccount's load. In Q2 and

Q3, Product A's subaccount will have two types of certificates – 1) all available wind certificates CEI can purchase, and 2) residual certificates to complete the load.

In Q1 and Q4, Product B's subaccount will always have three types of certificates – 1) the required number of wind certificates to cover that subaccount's load, 2) extra wind certificates to allow for accurate annual disclosure reporting of Product A subaccount's load, and 3) residual certificates or other renewable certificates to complete the load. In Q2 and Q3, Product B's subaccount will have two types of certificates – 1) the required number of wind certificates to meet that subaccount's load, and 2) residual certificates or other renewable certificates to complete the load.

CEI is requesting that the DTE accept that disclosure rules allow CEI to report to Product A's customers that sufficient wind certificates have been purchased by CEI to cover 100% of that customers load, despite the fact that some of those certificates may be residing in Product B's subaccount. This approach will help make up for lower wind production quarters when CEI is not able to add certificates to match 100% of the Product A customer load and still meet its claims of annually matching wind certificates to 100% of Product A customers load.

CEI believes that this proposed approach is consistent with DTE disclosure rules as long as the customers buying its renewable energy products are fully aware of the commitment by CEI to meet its customer claims on an annual basis, as described above.

CEI wishes to work with the DTE to implement this proposal or a similar approach which would allow CEI to offer a 100% emission-free renewable energy product in the GreenUp program.

CEI expresses its continued support for the filing of the Renewable Energy Upgrade Service (GreenUp) program and looks forward to a successful effort with the participants, leading to the development of new, clean renewable energy supply in Massachusetts and the surrounding area.